

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

ROBERT SCOT JAMES, and)	
CORE 2000, LLC)	
)	
Plaintiffs,)	CIVIL ACTION FILE
v.)	
)	NO. 1:24-mi-3493-VMC-JKL
HONORS HOLDINGS, LLC,)	
)	
Defendant.)	
_____)	

**WHITEHORSE CAPITAL MANAGEMENT, LLC’S
SUPPLEMENTAL BRIEF IN SUPPORT OF OBJECTION TO
PLAINTIFFS’ APPLICATION FOR ENTRY OF CHARGING ORDER**

WhiteHorse Capital Management, LLC (“WhiteHorse”) submits this Supplemental Brief (the “Supplemental Brief”) in Support of (i) its Objection to Plaintiffs’ Application for Entry of Charging Order (ECF No. 21) (the “Objection”) and (ii) its Reply in Support of its Objection (ECF No. 28) (the “Reply”) to inform the Court of a new event that may affect the Court’s analysis. As previously mentioned to the Court, WhiteHorse holds a perfected first priority security interest over substantially all the assets of Defendant Honors Holdings, LLC (“Defendant”) – including over the LLC memberships that are the focus of the current matter. WhiteHorse and Defendant recently entered into an agreement pursuant to which Defendant’s membership interests in certain limited liability companies (identified

in the attached Exhibit A to the Declaration of John Yeager (the “Transferred LLCs”)) along with other assets of Defendant and other of its subsidiaries (collectively, the “Transferred Collateral”) was accepted by Whitehorse in exchange for, among other things, the partial satisfaction of the Obligations owing by Defendant to WhiteHorse under the Credit Agreement.¹ (*See* Declaration of John Yeager attached as Exhibit 1 (“WhiteHorse Decl. 3”), ¶4, Ex. A). The Transferred LLCs are among the LLCs that Plaintiffs identify in their Application as entities they request to be charged. (ECF No. 10 at 2-15).²

As fully explained in WhiteHorse’s Objection and Reply, Defendant’s rights to receive distributions from any and all of the LLCs identified in Plaintiffs’ Application automatically and immediately vested in WhiteHorse upon the occurrence of an Event of Default in April 2024, and therefore, Defendant has no present rights to payment upon which a charging order may issue—including any rights to payment from the Transferred LLCs. Thus, in order to deny Plaintiffs’ Application in its entirety, the Court need not even consider the fact that the membership interests in the Transferred LLCs and the Transferred Collateral have been transferred to WhiteHorse. WhiteHorse, however, provides this Supplemental

¹ Terms not herein defined shall have the meaning ascribed to such terms in WhiteHorse’s Reply.

² WhiteHorse further has the option to acquire Defendant’s membership interests in LLCs that are the focus of the current matter in addition to the Transferred LLCs and to acquire collateral other than the Transferred Collateral. (WhiteHorse Decl. 3 ¶5).

Brief to inform the Court of these additional facts as they provide further support for a denial of Plaintiffs' Application for a charging order over the Transferred LLCs. Defendant now has neither a right to payment from, nor ownership of membership interests in the Transferred LLCs—which it is undisputed by Plaintiffs is required for a Charging Order to issue. *See* O.C.G.A. § 14-11-504(a) (requiring both a right to payment and an ownership interest for a charging order to issue); Response at 6-7 (explaining that a request for charging order requires the judgment creditor to show “that the judgment debtor has a membership interest in the limited liability company.”).

The Court should therefore deny Plaintiffs' Application for a charging order in its entirety.

Respectfully submitted this 14th day of October 2024.

WARGO FRENCH SINGER, LLP

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CERTIFICATION OF COMPLIANCE AS TO FONT SIZE

Pursuant to the Civil Local Rules of Practice for the United States District Court for the Northern District of Georgia, this is to certify that the foregoing complies with the font and point selections approved by the Court in Local Rule 5.1C. The foregoing was prepared on computer using Times New Roman font (14 point).

Respectfully submitted this 14th day of October, 2024.

WARGO FRENCH SINGER, LLP

/s/ David M. Pernini

David M. Pernini

Counsel for Intervenor

WhiteHorse Capital Management, LLC

CERTIFICATE OF SERVICE

Proposed Intervenor WhiteHorse Capital Management, LLC, by the undersigned counsel, hereby certifies that on October 14, 2024, a true and correct copy of **WHITEHORSE CAPITAL MANAGEMENT, LLC'S SUPPLEMENTAL BRIEF IN SUPPORT OF OBJECTION TO PLAINTIFFS' APPLICATION FOR ENTRY OF CHARGING ORDER** was filed with the Court's electronic case filing system, which constitutes service on the following registered users (which are all counsel of record) pursuant to Local Rule 5.1:

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Respectfully submitted this 14th day of October, 2024.

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